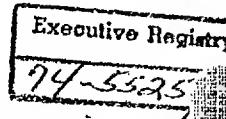


H.R. 968

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505



27 AUG 1974

Honorable Harley O. Staggers, Chairman
Committee on Interstate and Foreign Commerce
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Letter submitted on
identical bill --
93rd Congress

This is in reply to your request for our comments on H.R. 14135, a bill "To establish a National Resource Information System, and for other purposes."

It is not entirely clear whether information on both domestic and foreign resources is to be subject to the proposed information system. Resources are inherently international in character and since U. S. resource availability or needs are affected by world supply and demand and since the activities of foreign affiliates of U. S. firms must be reported, foreign resources appear to be included. Clarifying language on the scope of the bill would be helpful.

If the bill is to be limited to information on domestic resources, we would have no substantive comment to offer since domestic matters are not within our scope of authority. On the other hand, if foreign information is to be included in the proposed National Resource Information System, this Agency would be affected and we have the following comments to make:

a. Certain resources are not separable from the technology used in their extraction and are only recoverable through sophisticated technological processes. An example would be Uranium-235. If information on foreign natural resource processing is to be included in the new information system, perhaps the authority and responsibility of the proposed Bureau of National Resource Information to collect and report new foreign technological processes should be made clear.

b. In connection with information to be provided by this Agency, certain factors must be considered. The use of foreign intelligence information carries with it the burden of protecting the sensitive Intelligence Sources and Methods utilized

in its collection and analysis. Unless satisfactorily protected, sources will dry up and methods may be nullified, with resulting damage to our nation's security interests. These considerations were recognized and validated in the National Security Act of 1947 (50 U.S.C. 403), which in part provides:

"That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure."

c. Of equal concern are the proposed grant of authority to the Comptroller General to review claims that information is entitled to be kept secret, and the proposed right of access to agency files by the Director of the Bureau of National Resource Information or his designees.

d. Section 208(f) of H.R. 14135 would require immediate confirmation of any information which comes into the public domain. This would force the confirmation of information which is disclosed without authorization and could aggravate the damage resulting from the initial disclosure. We would urge that this section be struck from the bill.

e. It is noted that Section 209 of the bill establishes criminal penalties for the unauthorized disclosure or theft of national resource information by a Government employee in the interest of deterring such conduct. I am proposing similar legislation concerning Intelligence Sources and Methods, which I believe are deserving of the same protection.

Enclosed is a suggested amendment to the bill which would, I believe, satisfactorily resolve the statutory conflict referred to above, while preserving the intent and objectives of the legislation.

The Office of Management and Budget advises there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

/s/ W. E. Colby

W. E. Colby
Director

Enclosure

Suggested Amendment to H. R. 14135

Add as new Section 704 to Title VII:

"INTELLIGENCE SOURCES AND METHODS

"Sec. 704. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102(d)(3) of the National Security Act of 1947, as amended (50 U.S.C. 403(d)(3)), that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, nothing in this Act shall require the Central Intelligence Agency to provide information when in the sole discretion of the Director of Central Intelligence such provision would disclose information relating to intelligence sources and methods which, in the judgment of the Director of Central Intelligence, should not be disclosed."